

The complaint

Ms K complains that Santander UK Plc unfairly declined to port her mortgage. She asks that it refunds the early repayment charge (ERC) and compensates her for costs, such as the product fee she paid to her new lender.

What happened

Ms K took out a mortgage with Santander in 2021. She took out a five-year fixed rate product in 2023. An early repayment charge was payable if the mortgage was repaid before the product term expired in 2028.

Ms K wanted to move home. In October 2024 she applied to Santander via a broker to port the mortgage. Santander said the amount Ms K wanted to borrow didn't meet its affordability checks. It said the property she was buying was shared ownership, so Ms K would have to pay rent in addition to the mortgage and her other outgoings.

Ms K says she was treated unfairly. She says Santander uses different affordability tests for new applications than for porting applications. She says she passed initial affordability tests and it was six weeks later that Santander told her it wouldn't lend the amount she needed. Ms K says Santander valued the property after saying porting wasn't affordable, causing inconvenience. She's not sure if she paid a valuation fee.

Ms K sold her property and moved into temporary accommodation as she didn't want to risk losing her sale. Ms K took out a mortgage elsewhere with a higher interest rate and a £1,000 product fee. She paid an ERC of about £6,000 to Santander.

Ms K says this caused stress and worry, as well as the financial impact. She says Santander breached the Consumer Duty. Ms K says Santander didn't respond to her complaint.

Our investigator didn't recommend that the complaint be upheld. He said Santander had to take the cost of the rent for the shared ownership property into account when assessing affordability. He said there were valid reasons why the assessment for a new application or porting application can be different.

Ms K didn't agree and said the investigator hadn't understood the complaint. She said she'd passed affordability tests – something she needed for her offer for the property to be accepted. Ms K said it's not right to suggest that lenders carry out affordability tests after offers for properties are accepted as the property market couldn't work on this basis, with the majority of sales falling through.

Ms K said there was no acknowledgement of Santander's poor treatment of her or how this didn't breach regulations. She said Santander said it would port her mortgage and changed its mind six weeks later. Ms K said if she'd known from the outset Santander wouldn't port the mortgage to a shared ownership property she'd have looked for a different property.

Ms K also asked if Santander had evidenced that she didn't pay for the valuation. She said she didn't understand why this went ahead when Santander had already decided the

mortgage wasn't affordable.

Ms K told us how this affected her, and how she had to move into temporary accommodation and work over the festive period to recoup her losses. Ms K said she was treated unfairly, and the ERC and product fee should be refunded.

What I've decided – and why

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

I should explain that where evidence is incomplete or contradictory I make my decision on the balance of probabilities – that is, what I think is most likely to have happened.

Ms K took out a fixed interest rate product in 2023. The product terms were set out in a product transfer offer issued in March 2023. This said an ERC was payable if the mortgage was repaid before June 2028.

The product transfer offer said the mortgage could be ported, which would mean the ERC would be waived and Ms K would keep the interest rate. It said Ms K must meet Santander's lending criteria and pass its affordability assessment at the time. It said porting had to meet the conditions set out under "Transferring your loan to a new mortgage" in the mortgage terms and conditions. One of these conditions was that the risk of Ms K being unable to meet her commitments or of Santander suffering a loss if it realised its security wouldn't be significantly greater after porting.

Ms K repaid the mortgage in late 2024. So Santander was entitled, under the mortgage terms and conditions, to apply the ERC. However, Ms K says it's unfair for Santander to apply the ERC. She says it didn't consider her porting application fairly, and misled her that it would agree to port.

Rules on mortgage regulations require lenders to carry out strict affordability assessments before agreeing to lend or vary a mortgage. While Ms K says she met the affordability requirements of the vendor and/or the joint owner of the property that isn't sufficient. Rules on mortgage regulation require mortgage lenders to carry out affordability assessments and be able to demonstrate that the mortgage was affordable.

There are some exceptions to this. A lender doesn't have to carry out an affordability assessment for a porting application if there's no additional borrowing and no change to the mortgage contract likely to be material to affordability. Santander says that didn't apply here as Ms K wanted to extend the term of the mortgage to 35 years and she intended to buy a shared ownership property. I don't know if it's right to say that a change in the security property is a change to the terms of the mortgage contract. Santander could have asked Ms K's broker if Ms K could re-apply with the same term (which was only slightly shorter than 35 years).

However, even where the exception applies, it doesn't say that a lender can't carry out an affordability assessment – it only says it doesn't have to. I don't think it was unfair for Santander to carry out an affordability assessment here. It's unlikely to be in Ms K's best interests to port the mortgage if this wasn't affordable and she might struggle to maintain repayments.

Santander didn't decline Ms K's porting application. It said it would lend a maximum of £85,000. This was less than Ms K needed for her purchase. Ms K had been paying her mortgage since 2021. But the rent for the shared ownership property (about £450 per month)

was an additional outgoing. Santander said the amount Ms K wanted to borrow (about £124,000) didn't pass its affordability checks when this was taken into account.

I can't fairly say that Santander should have offered to lend the whole amount Ms K applied for when it had assessed this as not affordable.

Ms K says she passed initial affordability checks. She says Santander changed its mind six weeks later. I can't fairly agree that Santander misled Ms K that it would offer her the amount she needed for her purchase.

First, there's no guarantee of lending until a lender has issued a mortgage offer. Lenders don't issue a mortgage offer until they've checked affordability and that the application meets other lending criteria – including that the property is suitable security for the loan. The affordability calculations provided by Ms K say they're only an indication and a mortgage application would be subject to Santander's mortgage lending policy and a credit check where the outstanding credit commitments will be considered. So I think Ms K was made aware of this.

Second, I'm not persuaded from the available evidence that Santander told Ms K or her broker that it would offer a mortgage for the amount she needed to borrow, or that it caused delays in giving her a lending decision.

Santander received the porting application on 10 October 2024. It asked for information from the broker on 11 October 2024. It discussed Ms K's outgoings with the broker on 15 October 2024. By 16 October 2024 it had told the broker it could only lend £85,000. This was less than a week after Santander received the application. I can't see that there was an unfair or unreasonable delay in Santander assessing Ms K's application, or that it misled her that it would be able to offer the amount she needed.

Ms K provided copies of two affordability calculations carried out by her broker in early September 2024, using Santander's affordability calculator. It seems this is what Ms K is referring to when she says she passed initial affordability tests.

The first calculation says Santander would lend Ms K about £94,000. That's more than the £85,000 the underwriters said they could agree to lend. But still significantly less than the £124,000 Ms K applied for.

The second calculation was on the basis Ms K was a new applicant. This said she could borrow up to about £115,000 if she took out a five year product. That's still less than the £124,000 Ms K needed to borrow for her purchase.

We asked Ms K why she says she was told that she'd passed affordability tests, given that the affordability calculations she provided didn't support this. She provided a statement from her broker. Her broker said they contacted Santander again after Ms K reduced her debt and on this basis she'd have been only £2,000 short of the amount she wanted to borrow. The broker was on holiday until 7 October 2024 and submitted the application when they returned. The broker said Ms K had more overtime on her most recent payslip which increased her affordability and meant they were able to submit the application.

The statement from Ms K's broker implies they discussed affordability with Santander before the application was submitted. While that's possible, there's no record of this, or of Santander suggesting it would lend £124,000 to Ms K. Santander has a record of a discussion with Ms K's broker on 15 October 2024 about her reducing debt and providing a recent payslip with more overtime.

Ms K didn't provide evidence that Santander said she met affordability tests to borrow £124,000. The available evidence suggests Santander said the maximum it would lend was significantly less than this. I can't fairly find that Santander misled Ms K that it would lend her £124,000.

Ms K says it's unusual for lenders to carry out checks after the applicant has had an offer for a property accepted. I don't think that's right. But in any case, lenders have to complete affordability checks and they can't do this until they receive an application and the supporting information and documents. Ms K's broker submitted the application on 10 October 2024. It seems the reason for this not being submitted sooner was the broker being away from work and not any error by Santander.

I'm sorry if Ms K went ahead with the sale and purchase process believing that Santander would offer the amount she needed. But I can't see that Santander was responsible for any misunderstanding about this.

Ms K says Santander has different affordability calculations for existing and new customers. While Ms K says she'd have been offered a mortgage if she'd been a new applicant the available evidence doesn't support that. The affordability calculation Ms K provided said she could borrow up to about £115,000 as a new customer if she took out a new five-year product – which would mean her paying the ERC. That would still have left her short of the £124,000 she needed and with an ERC of £6,000 to pay.

Santander told us why an affordability assessment in late 2024 might differ for an existing or new customer.

First, a customer taking out a new five-year product would have that product in place for all or most of the five years over which it assesses affordability. A ported product would be in place for a shorter period (Ms K's would have expired in mid-2028). Santander would have to apply the reversion rate for the remaining part of the five years over which it tests affordability. Second, in late 2024 Santander changed its reversion rate (the variable interest rate that applies after the product expires) for customers taking out new products. So the reversion rate would have been lower for a new applicant in late 2024 than for a customer porting an existing product. Santander says changes in guidance from the regulator as to how the affordability stress test should be applied meant there was a mismatch between new applicants and existing customers. It said these were brought into line after the regulator issued new guidance in March 2025.

I think it was fair for Santander to treat Ms K's application as a porting application by an existing customer. But in any event, it seems to me that it made no difference to Ms K. The available evidence suggests she didn't meet Santander's affordability assessment for the amount she wanted to borrow as a new customer either.

Overall, I think Santander assessed Ms K's application fairly and in accordance with mortgage regulations and guidance in place at the time.

The valuation was booked for 16 October 2024. Santander says it didn't cancel the valuation as the application was pending. Its notes say the broker wanted to check how Ms K wanted to proceed, as she might look at reducing debt or providing a payslip with higher overtime. The application was cancelled at the end of October 2024 – after the valuation had been carried out. I don't think Santander made an error when it didn't cancel the valuation.

We asked Ms K if she had any evidence that she'd paid a valuation fee – such as it showing on her bank statement or mortgage statement. Ms K didn't provide this. I think Ms K would reasonably know if she'd paid a valuation fee. I don't think it's fair and reasonable to require

Santander to take further steps regarding this part of Ms K's complaint.

Ms K told us she wasn't happy about the way Santander dealt with her complaint. For completeness, I need to address this. Complaint handling isn't a regulated activity. That means we can't always look into concerns about how a lender responds to a complaint. While this is something I can look into if I think it delayed the underlying problem being sorted out, I don't think that was the case here. Santander had already made a lending decision and communicated it to Ms K and her broker. Santander paid £100 for delays in responding to Ms K's complaint.

I'm sorry to disappoint Ms K. But I don't think it's fair and reasonable to require Santander to refund the ERC or pay further compensation to her.

My final decision

My decision is that I do not uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Ms K to accept or reject my decision before 5 September 2025.

Ruth Stevenson
Ombudsman